

The President's Daily Brief

13 November 1970

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PRINCIPAL DEVELOPMENTS

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Cambodia. (Page 1)	
On Page 2 we discuss President Sadat's new role as chairman of Egypt's only legal political organization.	
The Communists continue to challenge recent government gains west of the Plaine des Jarres, but have not mounted any major counteroffensive. (Page 3)	
The truce situation in Jordan is discussed on Page 4.	
Britain remains negative toward the current NATO burden-sharing proposal under consideration by the European allies. (Page 5)	
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Business in Chile has begun to recover some confidence. (Page 7)	

FOR THE PRESIDENT ONLY

North Vietnamese infiltration may pick up considerably in the second half of November. (Page 7)

SOUTH VIETNAM - CAMBODIA

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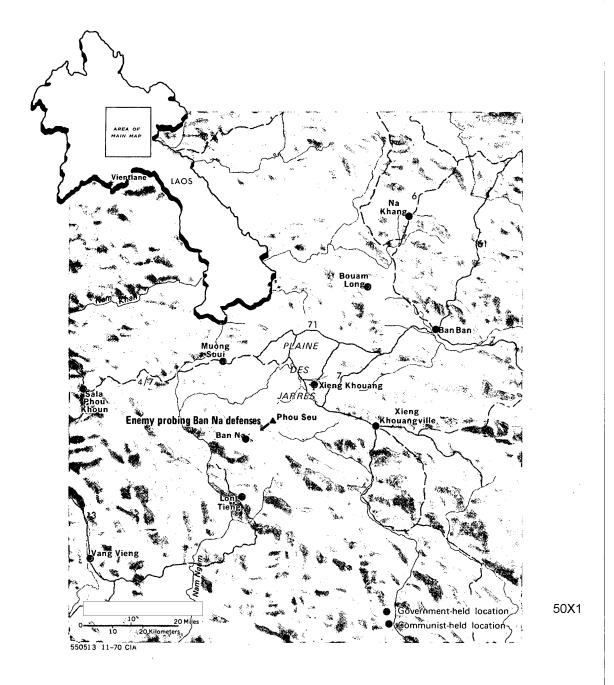
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EGYPT

The ratification last night of President Sadat's appointment as chairman of the Arab Socialist Union (ASU) further legitimizes his role as Egypt's leader. The ASU is Egypt's only officially approved political organization and Nasir previously was its chairman. Although the ASU has never attained the popular support envisaged by Nasir, its legal status does give it moderate influence, and Sädat's new position thus gives him another lever of power.

Sadat seems to be playing an increasingly dominant role in the decision-making process and is being treated with increasing deference by other Egyptian leaders. Nevertheless, we think he still needs the support of other members of the inner circle. Further political maneuvering at the cabinet level is likely.

In his first major policy speech last night, Sadat invoked Nasir's memory several times in an apparent effort to reassure the people that he was following the same course as the departed leader. Sadat in fact broke no new ground in his address. He concentrated on the alleged duplicity of the US in the Middle East, claiming that while it accused Egypt of violating the cease-fire, the US itself was supplying large quantities of arms to Israel.



LAOS

Elements of the North Vietnamese 148th Regiment are active on a daily basis chipping away at government outposts and probing for weaknesses in the Ban Na defensive perimeter southwest of the Plaine des Jarres. Since retaking Phou Seu mountain on 1 November, enemy forces have concentrated on key terrain features to the west of Ban Na, employing artillery fire followed by company-sized ground attacks. In one of these bombardments on 10 November, the enemy used 85-mm., 105-mm., and 122-mm. artillery pieces.

Farther north, the presence of two elements of the North Vietnamese 174th Regiment near Muong Soui has been confirmed.

There is no indication that an attack is imminent, but

Communist forces have become more active in the past three days. On the basis of past performance, the neutralists are unlikely seriously to contest an enemy attack.

The presence of 122-mm, artillery among Communist forces in the Plaine des Jarres area has been known for several months. To date, the enemy campaign in the area west of the Plaine appears to be a step-by-step effort to reduce the government's presence rather than an all-out counter-offensive.

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JORDAN

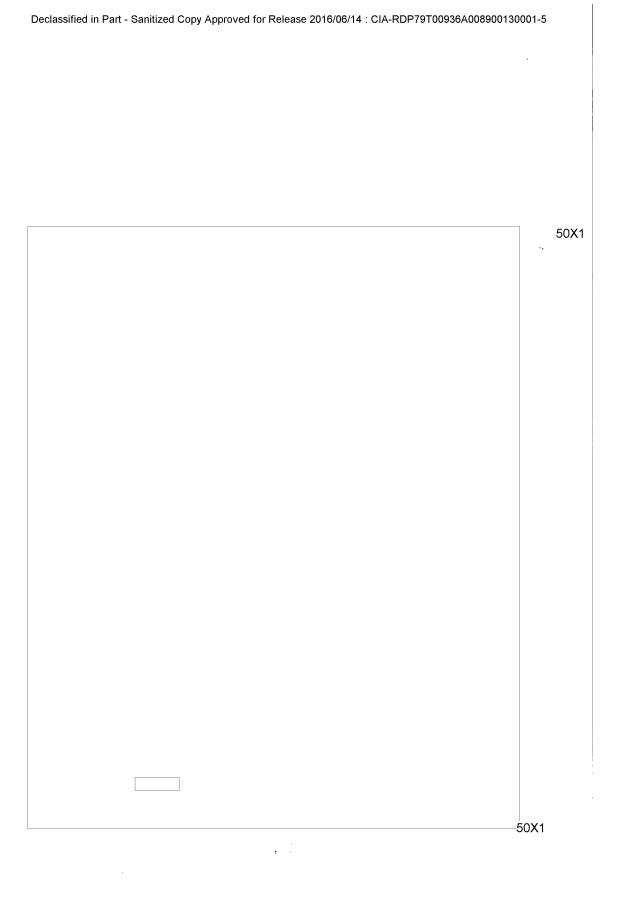
Fedayeen leader Arafat told delegates to the Afro-Asian People's Solidarity Organization conference in Libya on 11 November that he expected new fighting to break out soon between the Palestinian organizations and the Jordanian Army. Arafat accused the US of helping the "anti-revolution" forces prepare for war by sending them military aid.

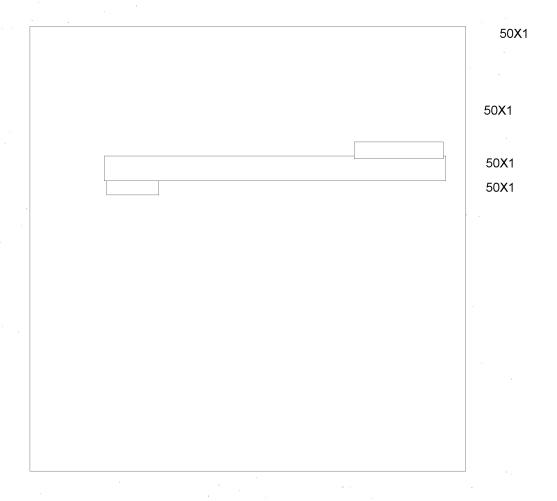
No other recent statements or actions of the fedayeen would suggest an early resumption of hostilities, and we suspect that Arafat's remarks were tailored to draw a response from the pocketbooks of his Libyan hosts. Arafat himself only recently stated in an interview with the French paper Le Monde that he was "perfectly satisfied" with arrangements under the truce agreement. According to press reports, both the fedayeen and the army have indicated that their units are prepared to leave the few remaining urban areas they still garrison. The Arab truce commission chief also characterizes the situation as quiet and returning to normal.

NATO

At the meeting of European defense ministers in Brussels Tuesday, the West Germans and Italians suggested that the Europeans invest approximately \$500 million in a NATO burden-sharing fund over a five-year period. The Germans reiterated their willingness to finance up to 40 percent of this. Most of the other Allied governments indicated that they are seriously considering participation in the fund, as well as making quality improvements in their national forces. The British defense minister, Lord Carrington, however, adamantly insisted that the UK effort could not go beyond the small increase in its own NATO force commitments recently announced by London. West German Defense Minister Schmidt will visit London next week to try to get the British to change their position.

Unlike the previous plan, which envisioned a lump sum payment to the US, this fund would be used to finance improvements in the quality of NATO facilities and systems. London's participation is crucial, and if the British remain negative, Norway, Denmark, and the Netherlands might withdraw their support for the fund. This would make it virtually impossible for the ministers to produce a meaningful program for the NATO ministerial meeting in early December.





NOTES

Chile: Business activity, while still below normal, has begun to recover from its postelection setback. Wholesale and retail sales are up, the stock market has improved, and pressure on bank deposits is easing somewhat. Foreign exchange reserves, however, fell in October from \$390 million to \$345 million, largely because of declining copper prices and capital flight. Many businessmen apparently are accepting the fact that Chile will be moving toward statism at a faster pace, but they regard the administration's initial statements as a sign that radical changes are not imminent. The Allende government's recognition of Cuba yesterday also will have the approval of business groups which have been anxious to cash in on trade opportunities with Cuba.

Vietnam: A recent intercept indicates the already high rate of infiltration may soon increase further. The main station from which infiltrators start their trek southward noted that beginning around 16 November there will be a new group departing each day with an average strength of 600 to 750 troops. This would add some 9,000 to 11,250 troops to the more than 6,000 already counted starting south in November. If the North Vietnamese follow these plans, the November total may be close to or greater than last month's and could be the highest since February 1969, when a figure of 25,000 was recorded.

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